

IN THE HOUSE OF REPRESENTATIVES
Thursday, April 5, 1962

Mr. HÉBERT. Mr. Speaker, all of my colleagues are aware of the overwhelming support we gave during the last session of Congress to House Resolution 403, introduced by my friend and distinguished colleague, the able Representative from North Carolina, A. PAUL KIRCHIN. This resolution, adopted on September 7, 1961, established a select committee for the purpose of making a thorough study of the administration of the Export Control Act of 1949 and related acts, and, in particular, the problems involved in the control of trade between the United States and foreign countries and the Sino-Soviet bloc.

Mr. KITCHIN was named chairman of the select committee created for this purpose.

I have been very much impressed with the detailed pertinent information developed during the hearings promptly conducted by this select committee.

The published testimony is replete with pertinent facts establishing beyond doubt that the enforcement machinery in operation at the present time is entirely inadequate to cope with the many problems involved in control of strategic exports to the Communist countries. Other weaknesses have been detected by the committee and I am sure all of these matters will be fully covered for you when the select committee submits its report to this body.

Of particular interest to me is the forthright action taken by the chairman of the select committee and our esteemed Speaker when they learned of the efforts by a west coast firm to obtain this Government's approval to export wheat valued at \$400 million to North Korea and Communist China. All freedom-loving people, I am sure, were happy to learn of this rejection of the application.

Robert S. Allen and F. H. Coott recently succinctly recorded the pertinent facts relative to this proposed transaction in their syndicated column, which I include in the Record.

GRAIN FOR CHINA. TWO SHIPS BLOCKED BY
(By Robert S. Allen and Paul Scott)

WASHINGTON — The fierce opposition of two influential Members of Congress played a major role in stopping the sale of \$400 million worth of grain to Communist China and North Korea.

The huge grain shipper was barred by President Kennedy from the White House and that Speaker JOHN McCAULLEY, of Massachusetts, and Senator JAMES KIRCHIN, of New York, both members of a special committee investigating the sale and were ready to list the ship as a national bonfire if it was approved.

Word of this expedition was given to the
high was given to the
Secretary of the

House meeting called to determine whether a private export license for shipment of the grain should be granted.

International Trade Corp., a Seattle, Wash., firm, had applied for the license to ship six million tons of wheat and barley to Red China and 4.5 million tons to North Korea over a 3-year period.

The refusal of the license was announced by the Commerce Department in a two-sentence statement issued last Friday. "It made no mention of the following dramatic White House meeting during which the legislators' intervention tipped the scales against the sale.

TWO FAVORED

Under Secretary of State George Ball and Dr. Walt Rostow, Chairman of the State Department's Planning Commission, had just finished a vigorous argument supporting the grain sale when the President, turning to Secretary Hodges, asked for his views, stating:

"Luther, since it is your responsibility to grant or deny this license, let's hear from you."

"Before giving you my own position," Hodges replied, "I would like to present the views of Speaker McComack and Representative KIRCHIN who is chairman of a House subcommittee, investigating the sale of strategic materials to the Communist bloc."

"Have they expressed themselves?" inquired the President.

"Quite vigorously," said Secretary Hodges. "They called me personally and expressed very strong objections to the sale. They requested that I make their views known to you."

"On what grounds are they opposed?" asked the President.

"Speaker McCORMACK took the position that the sales would serve to bolster a sinking Communist government at a time when we should be taking steps to hasten its downfall," reported Hodges. "He warned that approval of the shipment of grain to Peiping would touch off a major foreign policy debate in Congress that could easily endanger passage of your trade program."

KITCHEN PLANT

"What did Representative **W. K. Harrison** say?" questioned the President.

"KIRCHIN was very blunt," replied Hodges. "He threatened a full-scale investigation."

"What is your recommendation?" the President asked.

"As you know," said ~~Mr. Smith~~, "I have been opposed to granting ~~the license~~ from the outset unless you should ~~put~~ it in the national interest to permit ~~the~~ sales. This legislative opposition reinforces my position."

"There are good arguments on both sides," said the President in summing up. "However, my decision is that we do nothing to jeopardize the trade bill. We can't afford to have that important legislation mixed up in a China policy debate."

Later, the President called Lodge and directed him to reject the loan and issue a terse statement, reading:

"There was no evidence that the order held by International Trade Co. was based upon a request from the government concerned. It is rejected."

This statement was drafted by Secretary Ball and Dr. Easton. It was prepared to keep the door open for relations to Communist China. Their aim was that surplus goods can be used to help the Chinese Communist movement and the United States.

United States do not recognize North Korea
right embargo against it
countries

At the President's request, Dr. Walt Rostow has begun an overall review of our policy toward Communist China. This review is based on a State Department policy paper stating that Sino-Soviet relations are deteriorating so fast that the United States should adopt a flexible China policy to take advantage of the alleged split.

This view of a Russia-China split is challenged by the Joint Chiefs of Staff and Central Intelligence Director John McGeorge Bundy. They hold that the rift is not nearly as deep as claimed in the official State Department paper.